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JOB OPENINGS AND LABOR TURNOVER: JUNE 2004

The number of hires continued to outpace the number of separations in June, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. There were 4.3 million hires and 4.1 million separations in June, little changed from the month before. The job openings rate was unchanged at 2.3 percent in June. The series in this report include estimates of the number and rate of job openings, hires, and separations for the total nonfarm sector by industry and geographic region.

Chart 1. Job openings rate, seasonally adjusted,
December 2000 - June 2004

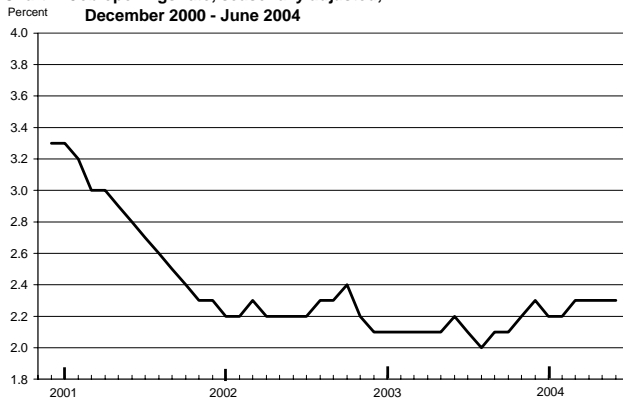
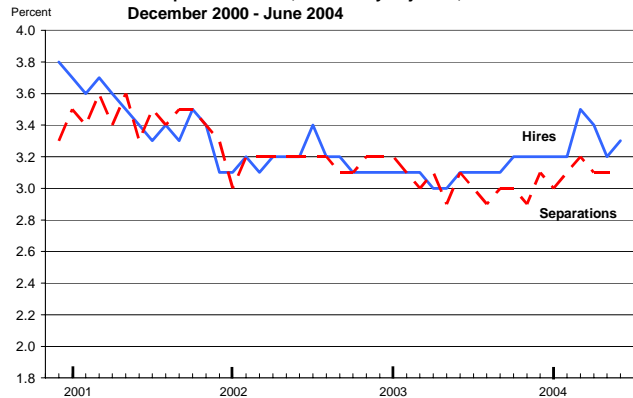


Chart 2. Hires and separations rates, seasonally adjusted,
December 2000 - June 2004



Job Openings

On the last business day of June 2004, there were 3.0 million job openings in the United States, and the job openings rate (the number of job openings on the last business day of the month divided by employment plus job openings) was 2.3 percent. (See table 1.) The job openings rate has remained in the range of 2.0 percent to 2.4 percent since October 2001. In June, the job openings rate showed little or no change for all major industry categories.

Hires and Separations

The hires rate (the number of hires during the month divided by employment) was 3.3 percent in June, little changed from a month earlier. (See table 2.) Hires are any additions to the payroll during the month. Most major industries showed little or no change in their hires rates.

The total separations, or turnover, rate (the number of separations during the month divided by employment) was 3.1 percent in June, unchanged from the month before. The total separations rate has remained in

Table A. Job openings, hires, and total separations by industry, seasonally adjusted

Industry	Job openings			Hires			Total separations		
	June 2003	May 2004	June 2004 ^p	June 2003	May 2004	June 2004 ^p	June 2003	May 2004	June 2004 ^p
Levels (in thousands)									
Total ¹	2,859	3,105	3,029	4,035	4,206	4,329	4,002	4,040	4,052
Total private ¹	2,498	2,746	2,688	3,742	3,938	4,028	3,735	3,761	3,766
Construction	88	108	87	385	406	403	377	367	365
Manufacturing	178	244	256	315	336	364	368	377	362
Trade, transportation, and utilities	433	521	500	852	938	917	872	917	914
Professional and business services	516	530	515	629	631	677	545	556	576
Education and health services	551	542	516	424	451	429	375	379	357
Leisure and hospitality	382	391	413	713	739	735	749	696	700
Government	357	360	342	296	272	305	259	268	272
Rates (percent)									
Total ¹	2.2	2.3	2.3	3.1	3.2	3.3	3.1	3.1	3.1
Total private ¹	2.3	2.4	2.4	3.5	3.6	3.7	3.4	3.4	3.4
Construction	1.3	1.5	1.2	5.7	5.9	5.8	5.6	5.3	5.3
Manufacturing	1.2	1.7	1.8	2.2	2.3	2.5	2.5	2.6	2.5
Trade, transportation, and utilities	1.7	2.0	1.9	3.4	3.7	3.6	3.5	3.6	3.6
Professional and business services	3.1	3.1	3.0	3.9	3.8	4.1	3.4	3.4	3.5
Education and health services	3.2	3.1	3.0	2.6	2.7	2.5	2.3	2.2	2.1
Leisure and hospitality	3.1	3.1	3.2	5.9	6.0	6.0	6.2	5.6	5.7
Government	1.6	1.6	1.6	1.4	1.3	1.4	1.2	1.2	1.3

¹ Includes natural resources and mining, information, financial activities, and other services, not shown separately.
p = preliminary.

the range of 2.9 percent to 3.3 percent since December 2001. Separations are terminations of employment that occur at any time during the month. (See table 3.)

Total separations include quits (voluntary separations), layoffs and discharges (involuntary separations), and other separations (including retirements). The quits rate, which can serve as a barometer of workers' ability to change jobs, was unchanged at 1.7 percent in June. (See table 4.) The quits rate increased in professional and business services over the month. Quits as a percent of the total separations increased to 55.2 percent in June. The other two components of total separations, layoffs and discharges (1.1 percent) and other separations (0.3 percent), are not seasonally adjusted. The layoffs and discharges rate was lower than a year ago, and the other separations rate was little changed over the year. (See tables 9 and 10.)

Hires and separations help show dynamic flows in the labor market. Over the last 12 months, hires have averaged 4.2 million per month and separations have averaged 4.0 million per month. (See the Technical Note for additional information on these measures.) Hires have outpaced separations in each of the last 14 months. In June, hires outpaced separations in every industry.

For More Information

For additional information, please see the Technical Note or the JOLTS Web site at <http://www.bls.gov/jlt/>. Additional information about JOLTS also may be obtained by e-mailing Joltsinfo@bls.gov or by calling (202) 691-5870.

The report on Job Openings and Labor Turnover for July 2004 is scheduled to be released on Wednesday, September 8, 2004.

Technical Note

The data for the Job Openings and Labor Turnover Survey (JOLTS) are collected and compiled monthly from a sample of business establishments by the Bureau of Labor Statistics (BLS).

Collection

Each month, data are collected in a survey of business establishments for total employment, job openings, hires, quits, layoffs and discharges, and other separations. Data collection methods include computer-assisted telephone interviewing, touchtone data entry, fax, and mail.

Coverage

The JOLTS program covers all private nonfarm establishments such as factories, offices, and stores, as well as federal, state, and local government entities in the 50 states and the District of Columbia.

Concepts

Industry classification. The industry classifications in this release are in accordance with the 2002 version of the North American Industry Classification System (NAICS). In order to ensure the highest possible quality of data, State Employment Security Agencies verify with employers and update, if necessary, the industry code, location, and ownership classification of all establishments on a 3-year cycle. Changes in establishment characteristics resulting from the verification process are always introduced into the JOLTS sampling frame with the data reported for the first month of the year.

Employment. Employment includes persons on the payroll who worked or received pay for the pay period that includes the 12th day of the reference month. Full-time, part-time, permanent, short-term, seasonal, salaried, and hourly employees are included, as are employees on paid vacations or other paid leave. Proprietors or partners of unincorporated businesses, unpaid family workers, or persons on leave without pay or on strike for the entire pay period, are not counted as employed. Employees of temporary help agencies, employee leasing companies, outside contractors, and consultants are counted by their employer of record, not by the establishment where they are working.

Job openings. Establishments submit job openings information for the last business day of the reference month. A job opening requires that: 1) a specific position exists and there is work available for that position, 2) work could start within 30 days regardless of whether a suitable candidate is found, and 3) the employer is actively recruiting from outside the establishment to fill the position. Included are full-time, part-time, permanent, short-term, and seasonal openings. Active recruiting means that the establishment is taking steps to fill a position by advertising in newspapers or on the Internet, posting help-wanted signs, accepting applications, or using other similar methods.

Jobs to be filled only by internal transfers, promotions, demotions, or recall from layoffs are excluded. Also excluded

are jobs with start dates more than 30 days in the future, jobs for which employees have been hired but have not yet reported for work, and jobs to be filled by employees of temporary help agencies, employee leasing companies, outside contractors, or consultants. The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings and multiplying that quotient by 100.

Hires. Hires are the total number of additions to the payroll occurring at any time during the reference month, including both new and rehired employees, full-time and part-time, permanent, short-term, and seasonal employees, employees recalled to the location after a layoff lasting more than 7 days, on-call or intermittent employees who returned to work after having been formally separated, and transfers from other locations. The hires count does not include transfers or promotions within the reporting site, employees returning from strike, employees of temporary help agencies or employee leasing companies, outside contractors, or consultants. The hires rate is computed by dividing the number of hires by employment and multiplying that quotient by 100.

Separations. Separations are the total number of terminations of employment occurring at any time during the reference month, and are reported by type of separation—quits, layoffs and discharges, and other separations. Quits are voluntary separations by employees (except for retirements, which are reported as other separations). Layoffs and discharges are involuntary separations initiated by the employer and include layoffs with no intent to rehire, formal layoffs lasting or expected to last more than 7 days, discharges resulting from mergers, downsizing, or closings, firings or other discharges for cause, terminations of permanent or short-term employees, and terminations of seasonal employees. Other separations include retirements, transfers to other locations, deaths, and separations due to disability. Separations do not include transfers within the same location or employees on strike.

The separations rate is computed by dividing the number of separations by employment and multiplying that quotient by 100. The quits, layoffs and discharges, and other separations rates are computed similarly, dividing the number by employment and multiplying by 100.

Sample methodology

The JOLTS sample design is a random sample of 16,000 nonfarm business establishments, including factories, offices, and stores, as well as federal, state, and local governments in the 50 states and the District of Columbia. The establishments are drawn from a universe of over eight million establishments compiled as part of the operations of the Quarterly Census of Employment and Wages, or QCEW, program. This program includes all employers subject to state Unemployment Insurance (UI) laws and federal agencies subject to Unemployment Compensation for Federal Employees (UCFE).

The sampling frame is stratified by ownership, region, industry sector, and size class. Large firms fall into the sample

with virtual certainty. JOLTS total employment estimates are controlled to the employment estimates of the Current Employment Statistics (CES) survey. A ratio of CES to JOLTS employment is used to adjust the levels for all other JOLTS data elements. Rates are then computed from the adjusted levels.

Using JOLTS data

The JOLTS data series on job openings, hires, and separations are relatively new. The full sample is divided into panels, with one panel enrolled each month. A full complement of panels for the original data series based on the 1987 Standard Industrial Classification (SIC) system was not completely enrolled in the survey until January 2002. The supplemental panels of establishments needed to create NAICS estimates were not completely enrolled until May 2003. The data collected up until those points are from less than a full sample. Therefore, estimates from earlier months should be used with caution, as fewer sampled units were reporting data at that time.

In March 2002, BLS procedures for collecting hires and separations data were revised to address possible underreporting. As a result, JOLTS hires and separations estimates for months prior to March 2002 may not be comparable with estimates for March 2002 and later.

The federal government reorganization that involved transferring approximately 180,000 employees to the new Department of Homeland Security is not reflected in the JOLTS hires and separations estimates for the federal government. The Office of Personnel Management's record shows these transfers were completed in March 2003. The inclusion of transfers in the JOLTS definitions of hires and separations is intended to cover ongoing movements of workers between establishments. The Department of Homeland Security reorganization was a massive one-time event, and the inclusion of these intergovernmental transfers would distort the federal government time series.

Seasonal adjustment

BLS seasonally adjusts several JOLTS series using the X-12-ARIMA seasonal adjustment program. Seasonal adjustment is the process of estimating and removing periodic fluctuations caused by events such as weather, holidays, and the beginning and ending of the school year. Seasonal adjustment makes it easier to observe fundamental changes in the level of the series, particularly those associated with general economic expansions and contractions. A concurrent seasonal adjustment methodology is used in which new seasonal adjustment factors are calculated each month, using all relevant data, up to and including the data for the current month.

Data users should note that seasonal adjustment of the JOLTS series is conducted with fewer data observations than is customary. The historical data, therefore, may be subject to larger than normal revisions. Since the seasonal patterns in economic data series typically emerge over time, the standard use of moving averages as seasonal filters to capture these

effects requires longer series than are currently available. As a result, the stable seasonal filter option is used in the seasonal adjustment of the JOLTS data. When calculating seasonal factors, this filter takes an average for each calendar month after detrending the series. The stable seasonal filter assumes that the seasonal factors are fixed; a necessary assumption until sufficient data are available. When the stable seasonal filter is no longer needed, other program features also may be introduced, such as outlier adjustment and extended diagnostic testing. Additionally, it is expected that more series, such as layoffs and discharges and additional industries, may be seasonally adjusted when more data are available.

Reliability of the estimates

JOLTS estimates are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or sampling error, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. BLS analysis is generally conducted at the 90-percent level of confidence. That means that there is a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true" population value because of sampling error. Estimates of sampling errors are available upon request.

The JOLTS estimates also are affected by nonsampling error. Nonsampling error can occur for many reasons, including the failure to include a segment of the population, the inability to obtain data from all units in the sample, the inability or unwillingness of respondents to provide data on a timely basis, mistakes made by respondents, errors made in the collection or processing of the data, and errors from the employment benchmark data used in estimation.

JOLTS hires and separations estimates cannot be used to exactly explain net changes in nonfarm payroll employment. Some reasons why it is problematic to compare changes in payroll employment with JOLTS hires and separations, especially on a monthly basis, are: 1) the reference period for payroll employment is the pay period including the 12th of the month, while the reference period for hires and separations is the calendar month; and 2) payroll employment can vary from month to month simply because part-time and on-call workers may not always work during the pay period that includes the 12th of the month. Additionally, research has found that some reporters systematically underreport separations relative to hires due to a number of factors, including the nature of their payroll systems and practices. The shortfall appears to be about 2 percent or less over a 12-month period.

Other information

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone: 1-800-877-8339.